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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 001260

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SUBJECT: INDUSTRY EXPECTS PRC TOURISM OPENING IN JULY

REF: A. TAIPEI 418

[1](#)B. TAIPEI 1139

Classified By: AIT Deputy Director David J. Keegan, Reason 1.4 d

Summary

[1](#)1. (C) According to Travel Agents Association of Taiwan (TAAT) Vice Chairman Yao Ta-kuang, there has been little progress in the last few months on informal discussions with the PRC over further opening of Taiwan to PRC tourists. However, the Mainland Affairs Council (MAC) has agreed to the establishment of a new tourism industry organization to address PRC objections to TAAT's name. Yao speculated that there might be a breakthrough on tourism discussions in July. He noted two outstanding technical issues. It appears that the Chen administration hopes to reach an agreement on tourism early this summer and is taking steps to make that happen. End summary.

Little Progress, Looking Toward July

[1](#)2. (C) Travel Agents Association of Taiwan (TAAT) Vice Chairman Yao Ta-kuang told AIT/T on April 4 that there had been little progress in the last few months on informal discussions with the PRC over further opening of Taiwan to PRC tourists. Yao reported that TAAT members had met with PRC counterparts during a tourism conference in Harbin February 15-17 but there had been no meetings since. He said that TAAT Chairman Tseng Sheng-hai had more recently requested a meeting with PRC Exchanges Bureau Director General Dai Xiaofeng, but Dai had been unable to meet due to his busy schedule. In addition, Yao noted that Chang Shuo-lao, the chairman of the Taiwan Visitors Association (TVA), had visited the PRC twice since the Lunar New Year holiday. Note: TVA is a semi-official tourism industry organization, which includes other types of tourism-related firms such as restaurants and hotels in addition to travel agents. End note.

[1](#)3. (C) Yao told us that the MAC had agreed to the establishment of a new tourism industry organization to address PRC objections to TAAT's name. (Note: TAAT's full Chinese name uses "the Republic of China" (Zhonghua minguo). End note.) This new organization would serve as

a counterpart to the PRC's Cross-Strait Travel Promotion Association and would likely also use the "cross-Strait" nomenclature. According to Yao, TAAT and MAC are awaiting more information on CSTPA's structure so that the new Taiwan counterpart can match it if appropriate. Yao hopes that they will be able to establish the new organization as a subsidiary of TAAT and not a new independent organization, which would take longer.

14. (C) Yao speculated that there might be a breakthrough on tourism discussions in July. He believes that PRC officials are under pressure to deliver some kind of opening because they have publicly committed themselves to opening up Taiwan to PRC tourists. However, Yao noted that Kaohsiung and Taipei mayoral elections at the end of the year will make progress on this kind of cross-Strait issue difficult

Remaining Issues - Dispute Resolution, Deposit Collection

15. (C) According to Yao there are two important technical issues that still need to be resolved. Travel agents in Taiwan are concerned that if they have a dispute with their PRC counterparts, there will be no effective mechanism to seek compensation. TAAT hopes that the two sides will be able to agree on a system of arbitration committees for dispute resolution. The two sides must also reach agreement on collection mechanisms for the deposits that must be paid to ensure that PRC tourists return to the PRC and for fines when tourists overstay. Yao said that China's arrangements with Japan and Australia could serve as a model for these mechanisms.

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Comment - MAC Targeting July

16. (C) Echoing the comments of Taipei Airline Association Chairman Tony C.C. Fan, Yao indicated that he gets instructions on TAAT's contacts with the PRC only from MAC Economics Division Director Fu Don-cheng. MAC seems to be maintaining tight control of this process and Fu is the main action officer. Yao's reference to a July breakthrough is consistent with MAC Chairman Joseph Wu's comments to AIT/T on March 30 (ref B). It appears that the Chen administration hopes to reach an agreement on tourism with the PRC early in the summer, but it has much lower expectations for progress later in the year if discussions must continue. The MAC decision to establish a new tourism organization to address the PRC's nomenclature objections suggests a real commitment on the part of Taiwan to making progress in the near term. End comment.
YOUNG